

# Governor Fletcher's State of the Commonwealth Address

*Monday, January 09, 2006*

**F**irst Lady, Lieutenant Governor Pence, President Williams and Speaker Richards, Constitutional Officers, Legislators, Justices and my fellow Kentuckians...

I am here tonight to report on the state of Kentucky to the legislature and to the people of our Commonwealth.

I can tell you that the people of Kentucky are more productive, more competitive, more connected, better educated, and better off economically, than when we met together just one year ago.

We've made exceptional progress over the last two years.

It only worked because we did it together. Democrats, Republicans, Independents...we put those labels aside and identified ourselves with a term far more important...we were Kentuckians first.

And, as Kentuckians we accomplished remarkable things.

Since January 2004, more than 65,000 new jobs have been added in the Commonwealth.

We turned a projected billion-dollar deficit into a \$214 million surplus without raising taxes.

We overhauled our antiquated tax system. We increased funding for elementary and secondary education.

We improved healthcare, initiated one of the largest road building programs in our history, started an expansion of the Internet across the Commonwealth, ramped up our war on drugs and cleaned up long-suffering parts of our environment.

Just this fiscal year, we reduced Medicaid costs by \$250 million without reducing services.

We branded the "Unbridled Spirit" of our state and have improved the perception of our Commonwealth.

And with Senator Borders and Representative Adkins, we opened the Big Sandy facility, our newest and most efficient correction facility.

We did all of this while making our state government far more efficient.

And we did it together, as Kentuckians.

Let me thank all of our state workers. Without their hard work none of this would have been possible.

Tonight, we'll talk about how to do that again...how to continue the remarkable gains we have made in just two years.

I'd like to honor Representative Jim Bruce. We are proud of your leadership, your work and your tenure, the longest of any legislator.

There are so many individuals in this audience who helped make the last session a success. I thank you all.

Tonight I would like to bring special recognition to the men and women of the Kentucky National Guard.

With us tonight in the gallery is Specialist Jason Mike. He and two other members were awarded the Silver Star for



demonstrating exemplary courage under fire, during an ambush in Iraq.

We salute you, Jason and the entire guard for your service to our nation and to our state.

I'd like to introduce another hero: Kentucky State Police Captain Bill Sullivan.

Captain Sullivan recently received the Governor's Medal of Valor for his courage in a hostage standoff near Burkesville.

In spite of being fired upon, Captain Sullivan, risking his own life, broke through a door and pulled a hostage to safety.

Captain, tonight we honor you and all of our State Troopers.

Many members of the Kentucky National Guard, State Police, Fish and Wildlife, Vehicle Enforcement and other organizations rushed to the aid of our neighbors in the Gulf Coast. Tonight we thank all of you for your service and dedication.

I also want to thank the individual Kentuckians who, on their own, journeyed to help in Mississippi and Louisiana.

Following those tragedies, many evacuees came to Kentucky. One I spoke with in Murray, said Kentuckians not only provided food and shelter as many had done, but we also gave them dignity.

Some who lost their homes came to stay. The Frank family - Fred, Jodi and their three children settled in Mt. Sterling.

Fred, a proud veteran of Operation Iraqi Freedom, is here tonight. He and Jodi found jobs, and their children found new friends at new schools.

Now they are proud Kentuckians.

And we are proud that the Franks and many people like them found Kentucky a good and safe place to live, work and raise a family.

Fred, welcome to Kentucky.

Tonight, let us remember Dr. Thomas D. Clark. When he entered the annals of Kentucky history in June, our Commonwealth lost one of its wisest and most ardent supporters.

centers will soon be built.

Today we also launched our Ten Year Plan to reduce or end Chronic Homelessness. With us tonight is Philip Mangano, the Director of the National Interagency Council on Homelessness, who has helped revive the national effort. Please welcome him.

With grants through the Office of Drug Control Policy we have also expanded proven programs of instruction in schools that will reduce drug use and enhance school performance.

We are improving Kentucky's record on how we treat our environment.

Recent agreements with sewer districts in Northern Kentucky and Louisville, will...over the next several years...keep up to 5 billion gallons of untreated sewage out of our streams and rivers.

Now, I want to speak to the men and women who bravely deliver valuable energy to America.

Our thoughts and prayers are with the families and friends of the coal miners who lost their lives in West Virginia.

At the personal invitation of Governor Joe Manchin, we will be working with West Virginia to learn everything we can from this tragedy.

With our increased efforts and tough enforcement of the law, we have had the lowest active mine fatalities for the last two years in the history of Kentucky.

But we must not think that such an accident couldn't happen here. We must continue to strengthen our diligence.

We are improving how we remove minerals from our land and the working conditions of the Kentuckians who do this difficult and dangerous work.

We have also decreased the number of black water spills in Kentucky.

We have made it tougher to violate coal truck weight limits.

Compliance is now at 95 percent, and the percentage of overweight coal trucks has dropped from 71 to 3.8 percent. We have seen a reduction in associated fatalities. Again, we are saving lives.

Last week we announced funding for the Kentucky Coal Academy to equip today's miners and the next generation with the skills needed to work safely in an industry that is becoming more technologically advanced.

And, in the process, we are implementing an historic energy strategy to maintain our low energy costs while using Kentucky's natural resources responsibly.

The landscape of Kentucky's farms has changed forever because of the tobacco buy-out. With the help of Kentucky's agricultural leaders and investments from the Agricultural Development Fund, we are preparing to diversify to ensure success in the post-tobacco era.

Our farmers have a head start toward this goal in the era without price supports and quotas, because of that investment and leadership.

Because of your work, Kentucky was the only state to provide a Phase II payment up front to our farmers this past year.

Kentucky is the Horse Capital of the World and I intend to keep it that way by continuing to ensure that this industry-and the basis for our state brand-remains healthy.

The Kentucky Horse Racing Authority has restored integrity by working to ensure fair fields, healthy horses, and improved safety for jockeys, through new race day drug rules.

Through the work of Senator Thayer, we created an incen-

tive program to encourage breeding of horses in Kentucky, the epicenter of the horse industry.

These are some of the remarkable accomplishments we've made together that are beginning to provide a solid foundation for Kentucky's future.

Now it's time to look ahead to what we can do this session.

For too many years, Kentucky has been ranked too low in areas important for long-term economic growth.

We are consistently in the bottom ten states in students who receive high school diplomas, college graduates and per capita income. It is time to change decades of this pattern.

We must set definable goals and strive to achieve them.

Tonight, I want to establish new goals for Kentucky.

Let us move Kentucky from 44th in the percentage of our adult population who have high school diplomas to 25th or higher by 2025.

Move Kentucky from 42nd to 20th in attracting high-tech jobs by 2020.

Move Kentucky from 45th to 25th or higher in per capita income by 2025.

We cannot accomplish these goals if we don't increase our job opportunities and if we don't get healthier and control our health care costs.

Tonight, I am proposing two broad initiatives.

The first is "Get Competitive Kentucky," a series of steps to make us more competitive globally and with our southern neighbors.

And basic to getting competitive is improving education.

To improve education we must keep and attract quality educators.

An important factor toward that goal is increasing teacher compensation.

This session, I will propose a plan for raising teachers' salaries this biennium moving us toward the average of our surrounding states without raiding our rainy day fund.

There has been talk of spending this reserve money. This fund should remain at least at its current level, as it is vital to our credit rating.

I will propose an enhanced professional compensation plan that pays teachers more who receive professional development that is directly related to their classroom work and who take voluntary actions to teach subjects where there is a need or to teach at a low-performing school.

We will increase the rigor of our high school curriculum and graduation requirements so that graduates are ready to meet the demands of post secondary education and the 21st century workplace.

We will work with our colleges of education and arts and sciences across the state to ensure that teachers are trained to teach a curriculum that leads to success so that our graduates have both the depth of content knowledge and pedagogical skills.

The quality of a teacher is the most important factor in the classroom to ensure a student's success and tonight I am proud to introduce a teacher who inspires and challenges his students.

Jeffrey Wright is the 2006 Kentucky Teacher of the Year. Coming from a family of educators, Jeff is passionate about what he refers to as a calling, ensuring that every student learns the principles of physics. He exemplifies the type of teacher we want to reward.

He wrote, "The history of Kentucky has ever been one of contrast and change. It may at times have been frustrating and self-defeating in nature. At other times it may have had its glorious and satisfying moments, but it has never been dull."

Let me assure you, for me, the last two years of Kentucky politics have been anything but dull.

Not all of us align philosophically or politically, yet the successes we saw the last time this body met were accomplished because we worked together.

And I thank you, members and leadership of the Senate and the House, for working together in 2005.

We did what many considered impossible. You and I overhauled Kentucky's tax structure. We raised the cigarette tax and reduced smoking. We corrected a projected billion dollar deficit without tax hikes.

Working together we accomplished monumental changes for Kentucky.

Since January 2004, companies have invested more than \$5 billion in new or expanded manufacturing here in Kentucky.

We are creating a more business friendly environment by working with, and not against business, and we are adopting bold strategies to attract creative talent and high-paying jobs to our state.

We are recognizing that economic development opportunities exist in many forms.

For example, we have succeeded in attracting the World Equestrian Games to Kentucky in 2010. It's the first time in history, that this event will be held outside of Europe, bringing half a million visitors to Kentucky.

Not only will the games bring \$100 million in economic impact, it gives us the chance to showcase Kentucky to millions of people across the world.

I hope you will support this endeavor.

Our tax modernization has reduced the taxes on hard working Kentuckians, ending the income tax burden on almost 500,000 of our most needy family members.

We reduced the corporate tax rate nearly 30 percent, eliminated the corporate license tax and closed tax loopholes on companies that sent their profits outside of Kentucky.

Our tax plan, JOBS for Kentucky, is working. This plan helped us get the construction of a new bio-diesel plant, Toyota to build hybrid cars here, and Fidelity Investments to add nearly 1,500 professional service jobs.

General Fund revenues have expanded without a break for 23 consecutive months. This is easily the longest, continuous expansion since at least 1995. Again, without raising taxes.

Kentuckians deserve a government that runs efficiently.

Last week we announced savings of \$120 million this fiscal year alone.

We put 90 million additional dollars in the Budget Reserve "Rainy Day" Trust Fund.

Our bond rating is solid and it is crucial that it remain so.

We have made some tough decisions, but we have made government better. Our parks are better managed. Our regulatory agencies are faster and more responsive. Our technology is getting better.

The surplus is there because our state workers are working harder, smarter and more productively, so we can live within our means.

The Read to Achieve Program is working and under the

leadership of the First Lady, we will continue to see gains in the literacy rates of our children.

I would like to recognize my wife and her work on behalf of Kentuckians young and old.

Thank you, Glenna for being with me, every step of the way.

The First Lady is a champion for health initiatives and we've made several advancements in the quality of health care.

We now test newborns for 28 metabolic diseases instead of just three.

Let me again thank you for passing this legislation unanimously.

Dr. Charlton Mabry, a pediatrician from the University of Kentucky, has joined us tonight.

He championed this effort for years and now has seen the result of his work.

On Dec 9th, just five days after new screening began; a metabolic disorder was detected in a Harrison County newborn.

That little boy would have had a 25 percent risk of dying from SIDS had he not been screened. Lives are being saved. Dr. Mabry, thank you.

This session I will call for legislation to benchmark our newborn screening to national standards so that Kentucky will never fall behind again.

And with the work of Senator Katy Stine and Representative Jimmie Lee, we implemented laws to do more to protect our senior citizens from abuse and neglect.

Connect Kentucky is moving forward in its goal to extend broadband access across the state.

Kentucky is leading the nation in broadband growth. In just one year, broadband availability has increased by 28 percent, now covering nearly 3 million Kentuckians.

A broadband connection is a conduit of opportunity. It brings instruction into Kentucky's classrooms, connects entrepreneurs to global markets and allows people to work in their homes.

Valerie Davis is with us tonight. Valerie's multiple sclerosis often makes the 35-mile commute to her job in Paducah difficult.

Through Connect Kentucky, Valerie can work from home on her most difficult days. She has called her broadband connection the biggest Christmas present she ever received.

Through our program "No Child Left Offline" we are providing computers to children who would not otherwise have them.

Let me thank the Department of Corrections for refurbishing state surplus computers and for training inmates to be certified Microsoft technicians. I also want to recognize the Appalachian Regional Commission, Microsoft, Lexmark, and Computer Associates for their contributions to this program.

Last year we passed legislation, with the leadership of Lieutenant Governor Pence, Senator Stivers and Representative Lindsay, to strengthen our fight against the scourge of methamphetamine.

Since the bill was enacted we have seen an initial 70 percent drop in the number of meth labs reported in Kentucky. That's outstanding.

We are broadening the treatment of chemical dependency with proven programs and expanding drug testing.

My Recovery Kentucky initiative to build drug treatment centers is moving forward. Today I announced that three more

Jeff, thank you for an outstanding job.

We will increase funding for preschool. Much of a child's future success depends on those first years. An investment here will give students, who may be at risk of falling behind, renewed hope.

Kentucky was once a leader in educational technology but we have fallen behind. We must catch up to prepare our students for an increasingly technological world.

I will recommend major new investments in technology to ensure we can track in real time student performance, available on the web, and identify a student that needs intervention before it's too late.

I will also recommend ultra-high speed broadband technology to increase our capacity to get instruction into the classroom that would never have been possible before.

Educational achievement and Kentucky's economic future go hand in hand.

One of the fastest growing sectors in the U.S. economy relates to knowledge-based jobs that have their basis in research.

HB 1 established our goals of post-secondary education. They are lofty and worthy.

I laud the University of Kentucky for developing a business plan to be a top 20 research institution by 2020.

The University of Louisville has made great gains in health-care and other technologies toward becoming a top research institution as well.

Our regional universities are ever improving, increasing enrollment and providing a better education and working in their areas of special expertise to provide Kentucky with the skills we need.

And let me also commend our community technical colleges and vocational schools that are preparing a skilled workforce for good paying jobs. In fact in manufacturing workforce training we are now ranked 3rd in the nation.

But we must work to improve college graduation rates to reach our goals of improving the educational level of Kentuckians and bolstering the economy.

Our Council on Postsecondary Education and President Layzell have stepped up to assume the responsibilities of HB 1, including funding to accomplish the established goals and overseeing tuition rates.

Funding at the level requested to reach those goals will be challenging and we must continue to work to provide the support our institutions need to succeed.

Last year we embarked upon one of the largest capital building plans in the history of the Commonwealth. And we will make significant capital investments in our universities and technical schools this year, as well.

We can expand that effort and get more value for the taxpayer's dollar by repealing a law that is arbitrary and unfair.

I want to give public universities and schools across our state effectively 6 to 12 percent more for each dollar they spend in construction.

We can build more and better schools to prepare for an expanding workforce by repealing prevailing wage.

To compete in the fastest growing sector, I will additionally recommend new investment funds to spur the growth of new companies for example in the niche areas identified by the Life and Bioscience Task Force.

Previous legislative efforts have attracted many talented

researchers to Kentucky. And to take that effort to the next level, I recommend that we give a greater incentive to our research faculties to develop new ideas by allowing them to have a greater ownership of their intellectual property.

As we are pursuing these new areas we will not abandon our traditional efforts that have been successful.

In fact we must strengthen our competitiveness.

I will propose to spur job growth by providing tax relief for small businesses to help address the concerns regarding the alternative minimum calculation.

I recommend we give our workers the choice that has led to greater economic prosperity for families in our competitive states.

Nearly half of those companies looking to build new plants won't consider closed union shop states. We must take Kentucky off their "No-Call List."

Tennessee has dramatically outpaced our job growth and per capita income during the last four decades.

If we become an employee choice state, research shows our economy will grow by more than 22,000 jobs in the coming decade. In actual dollars, this means additional personal income of \$1.3 billion.

Some will say per capita income is lower in employee choice states. However, when you figure in cost-of-living -- that is simply not true.

Income levels in employee choice states have increased by 37 percent while ours has increased at only 28 percent over the last decade.

I think Kentuckians deserve that 9 percent pay raise, and that's what I want to give them.

To have a thriving state, our largest city must be growing and prosperous.

Louisville has long needed an arena. Like major cities to the north and south that have outpaced Louisville, a downtown arena has proven pivotal to success.

Today we announced an economic study showing that a new arena will create \$1.1 billion in revenue over the next several decades.

We have a plan for success, and I will ask for your support to issue a 75 million dollar bond to help finance this project.

My second initiative for this session is Get Healthy Kentucky.

My set of proposals will augment the current efforts of the First Lady and the Get Healthy Kentucky board to dramatically improve the health of all Kentuckians.

But there is much to do.

Kentucky is one of the seven worst states in: obesity, diabetes and heart disease. And we are dead last in smoking and lung cancer.

It is time to reverse these trends. We must, for the health of Kentuckians and for the health of our budget.

I am setting a goal for the next decade to be better than the national average by reducing obesity and smoking and increasing activity levels.

This session, I will initiate the Governor's Fitness Program to reduce rates of obesity and promote dynamic wellness and physical activity among our children and adults.

As recommended by the Business Forum on Education and the Kentucky Board of Education, I propose adding additional days of school over the next biennium: one for enhanced profes-

sional development, two for instruction.

This expanded school year will allow extra time for fitness and health activities. Our proposed ultra high speed technology will provide health and fitness activities within the classroom to benefit both students and teachers.

Our self insured employee health plan and Medicaid reform will include wellness, health assessments, disease management and incentives to encourage healthy lifestyles.

Currently, 500,000 Kentuckians are without health insurance. They get little if any preventive care. Their diseases are diagnosed in later stages, often when it's too late to effectively treat.

Nearly 80 percent of these individuals or family members work, most for small businesses that cannot afford the rising cost of premiums.

I will propose a small business healthcare plan called ICARE that will help businesses employing 25 or less who have been unable to afford their premiums.

This will be neither an insurance pool, nor an open ended entitlement, but a program with predictable cost and effect.

As part of "Get Healthy Kentucky" I will establish a goal of reducing our highway injuries and fatalities.

In 2005, 71 percent of people who died in traffic accidents were not wearing seatbelts. 71 percent.

Folks, it's time for a Primary Seat Belt Law in Kentucky.

A primary seatbelt law can save 62 lives in just the first year. It can also provide 11 million extra dollars each year for road safety, part of which I will commit to guard rails on our most dangerous highways to protect your constituents.

At the same time I will propose that we raise the speed limit to 70 mph on appropriate highways. Studies suggest that this will not negatively impact highway safety.

Along with improving safety on our highways we must strengthen our effort to reduce smoking. Toward this goal there is another opportunity I strongly encourage you to explore.

Kentucky received a bad deal in the Master Settlement Tobacco Agreement, or MSA.

Our past Attorney General settled for less than 50 cents on each dollar Kentuckians pay to support the MSA.

In contrast, New York settled for \$3.65 for each dollar they pay to support the MSA.

That's a great deal...if you live in New York.

But for you, my fellow Kentuckians, that's not fair and it's not smart.

I suggest we take a serious look at improving Kentucky's return on our tobacco sales.

If we got our fair share, Kentucky would get over \$150 million more each year.

And if we got our fair share, we could dedicate more funds to support secondary education, agricultural diversification and our other pressing needs rather than subsidizing governments in other states.

I want to discuss one of Kentucky's more pressing issues that has been debated for several sessions.

Frivolous medical lawsuits drive costs up and drive doctors out of Kentucky. Rural areas have been especially hard-hit, with specialists like obstetricians no longer delivering babies and neurosurgeons moving out of state.

While this crisis inflicts hardship on Kentuckians and raises the cost of health care, court rulings interpreting our constitu-

tion have taken the question out of your hands.

Most Kentuckians would be shocked to learn that Kentucky's legislators are currently prohibited from even addressing the issue.

I support a constitutional amendment to let the people decide this issue of medical lawsuit abuse.

With insurance reform, the establishment of independent review panels and reasonable caps, we can reduce the rising cost of health care in Kentucky and improve accessibility.

It is time we pass this important legislation.

I look forward to working with both President Williams and Speaker Richards on this issue.

As I close, let me recognize Kentucky's veterans. You have served to protect our liberty and the freedom that spurs our quality of life in this nation. Please know that this administration is committed to supporting you.

And where does this freedom come from that many have died to protect?

Our founding fathers recognized that we were endowed with this right by our creator.

So I ask, what is wrong with teaching "intelligent design" in our schools. Under KERA, our school districts have that freedom and I encourage them to do so.

This is not a question about faith or religion. It's about self-evident truth.

In closing, I again say thank you for last year's remarkable legislative session. The momentum of progress is with us and it is my hope that this body-this year-will build on those recent accomplishments to secure a bright and prosperous future for Kentucky. I am confident we share that desire.

We will differ on several of the initiatives I've proposed tonight. Don't let those differences divide us, but let us work through our differences and move Kentucky forward.

With your thoughts, help and suggestions, we will increase student achievement, attract more high-tech jobs and raise the per capita income for working Kentuckians.

We will expand our modernization of Medicaid, reduce the burden of health care costs for small business, curb law suit abuse and promote a healthier Kentucky.

We'll continue the great advances we've made together over the past two years.

Only a partnership between both chambers and the administration will continue to grow prosperity for our state, opportunity for its people and hope for future generations of Kentuckians.

Nearly 150 years ago, one of our greatest Presidents delivered his annual message to the U.S. Congress:

"We cannot escape history," said Abraham Lincoln. "We will be remembered in spite of ourselves."

Likewise, what we do this year will enter the annals of Kentucky history.

We are here to move Kentucky forward and I invite every one of you, Democrats, Republicans, Independents; legislators, and all state employees to join with me as we fight the good fight for our families, friends and neighbors.

Let's do it together.

Good night and God bless.